

Company number: 07406055

Charity number: 1139916

SC046075



Transforming mental health through research

**Trustees report and financial statements
For the year ended 31 December 2019**



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Administrative details

Company number	07406055	
Charity number	1139916 SC046075	
Registered office and operational address	6 Honduras Street London EC1Y 0TH	
Country of registration	England & Wales	
Country of incorporation	United Kingdom	
Bankers	Santander Bootle Merseyside L30 4GB	Lloyds Bank 74-78 Church Road Hove BN3 2EE
Solicitors	Devonshires 30 Finsbury Circus London EC2M 7DT	Womble Bond Dickinson 4 More London Riverside London SE1 2AU
Auditors	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD	

MQ: Transforming Mental Health

Trustees

Trustees, who are also Directors under company law, who served during the year and up to the date of this report were as follows:

Dr Shahzad Malik (Chair)
Sir Philip Campbell (resigned 3 December 2019)
Dr Arash Hejazi (resigned 12 February 2019)
Mr John Herrmann
Professor Emily Holmes
Professor Peter Jones FMedSci
Dr Clare Matterson CBE (resigned 27 August 2019)
Dr Helen Munn OBE (resigned 4 November 2019)
Mr Chris Parsons
Professor Irene Tracey FMedSci (re-appointed 3 December 2019)
Ms Sarah Woolnough (appointed 3 December 2019)

Key management personnel

Dr Helen Munn OBE	Chief Executive
Mr Neil Balmer	Strategy & Engagement Lead
Mr Jey Balakrishnar	Head of Finance & Operations
Ms Margaret Cheng	Head of HR

Trustees Report

The Trustees present their report and the audited financial statements for the year ended 31 December 2019.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with Financial Reporting Standard (FRS 102).

Aims and objectives

MQ's **vision** is to create a future where mental illnesses are understood, effectively treated and ultimately prevented.

Our **mission** is to champion and fund world-class research to transform the lives of everyone affected by a mental health condition.

Our three **key objectives** are to:

1. Fund innovative research studies with the power to transform lives.
2. Build the mental health science community worldwide.
3. Engage more people to support mental health research – guided by those with direct experience of mental illness.

Income and expenditure for the financial year to 31 December 2019 are shown in the Statement of Financial Activities at page 20 against our key operational areas of: research (objectives 1 and 2); communications and engagement (objective 3); fundraising; and operations.

Activities and impacts in 2019

Context

2019 was a year of review and restructure for MQ, culminating in the agreement of a new 3 year strategy by Trustees in December 2019. An Interim CEO, D'Arcy Myers, in post from January until June 2019, led a staff restructure, providing the necessary platform to take the organisation forward. Helen Munn subsequently stepped down as a Trustee in order to serve as MQ's Acting CEO, helping to lead a process of consultation and review. Utilising external expertise and consulting intensively with MQ's Trustees, staff, supporters and stakeholders, MQ finished 2019 with a clear 3 year strategy for growth.

Notwithstanding this context, MQ achieved an impressive range of outputs and impacts in 2019, as set out in the following sections. We are incredibly grateful to our generous supporters and donors, who helped us to raise £1.32 million in 2019 to support our work, to our talented network of researchers and advisers, to those with lived experience who shared their stories, time and ideas, to our colleagues in stakeholder organisations, and of course to our dedicated staff.

MQ Foundation

The MQ Foundation is a US-based 501c3 public charity founded in 2018, whose mission and priorities are closely aligned with those of MQ. MQ has licensed the MQ brand to the MQ Foundation to foster synergy and efficiency between our two organisations. The MQ Foundation board remains an independent body with discretion on how to allocate funds toward its mission. The Foundation meets its own modest administrative costs. MQ and the MQ Foundation share at least one board member, and at least one MQ Foundation representative serves on the MQ Research Committee. MQ benefited from a strengthened partnership with the MQ Foundation in 2019, including via a joint Board/Trustees meeting and reciprocal staff visits. In 2019 the MQ Foundation continued to focus on children and adolescent mental health, and prioritised raising income to support the 2020 MQ Fellows Awards. In 2020 the MQ Foundation will continue to focus on major donor fundraising and developing US-relevant communications and impact materials.

Funding innovative research

MQ continued to prioritise opportunities to innovate and add value to the mental health funding ecosystem and to work as cost-effectively as possible. MQ draws on world-class scientific expertise to meet our research principles of funding high quality, international research that can make a difference, supporting studies across research disciplines and mental health conditions. In 2019 we continued to ensure good stewardship of **35 active awards** across 4 research programmes:

- **Fellows Awards** to support the most talented people working on projects that can make a difference.
- **PsyImpact Awards** to support near-term improvements in talking therapies and digital interventions.
- **Data Science Awards** to build and leverage infrastructure for data science and mental health.
- **Brighter Futures Awards** - larger scale consortium funding focused on mental health in children and young people.

We invested in reviewing our grants management policies and processes in 2019, including:

- Migrating all existing awards onto the Flexigrant grants management system; improving systems for payment scheduling and progress monitoring.
- Formalising a new Grant Contract and Award Letter with Standard Terms for future awards
- Reviewing all Standard Operating Procedures and updating policies around confidentiality, conflicts of interest, open access, privacy, use of animals in research and award panel terms of reference.
- We also made all necessary preparations to launch a new round of the Fellows Award in early 2020.

Research impacts – 2019 highlights

Developing psychological treatments for worry and rumination in anxiety and depression

Professor Colette Hirsch, an MQ Fellow based at King's College London, completed a project to test a new intervention to reduce repetitive negative thinking (worry and rumination) in Generalised Anxiety Disorder (GAD) and depression, and to understand more about the underlying cognitive processes involved. The intervention was shown to be effective, including when delivered fully online, and is now being offered to patients being treated for GAD at the South London and Maudsley Hospital. The intervention has gone on to be used in a large-scale research programme looking at the genetics involved in the development of GAD and depression, and is being adapted to be used by those with Parkinson's Disease, fatigue and Multiple Sclerosis.

Safety planning intervention to reduce suicidal behaviour

Professor Rory O'Connor, an MQ PsyImpact Awardee based at the University of Glasgow, completed a project to test a new intervention - Safety Planning Intervention with Follow up Telephone Contact (SAFE TEL) - to support people with experience of suicidal crisis. This involved a 3 phased trial approach across four NHS Glasgow and Lothian hospitals, and included iterative feedback from users, NHS staff and researchers. Given that there are currently no evidence-based, effective interventions that can be administered in hospitals to reduce risk of future suicide attempts, the findings from this project are extremely promising. The next step is to conduct a full randomised controlled trial of SAFE TEL across different UK sites.

Identifying neural circuits involved in traumatic memories

Professor Johannes Graff, an MQ Fellow based at the Ecole Polytechnique Fédérale de Lausanne in Switzerland, completed a project to identify the brain cells and molecular mechanisms involved in processing and recovering from long-lasting traumatic memories. This is important to better understand and design treatments for anxiety and stress-related disorders such as PTSD. The team successfully identified the cells responsible for traumatic memory attenuation in three different brain areas, generating for the first time ever a brain-wide map of areas that are actively involved in rewriting traumatic memories.

Group support therapy for depression in people living with HIV in Northern Uganda

Professor Ethel Nakimuli-Mpungu, an MQ Fellow based at Makare University in Uganda, completed a trial showing that lay health workers can successfully facilitate group support psychotherapy to people living with HIV in remote communities in northern Uganda. This culminated in a major paper published in The Lancet Global Health. People living with HIV experience rates of depression, addiction, and post-traumatic stress that are far higher than the general population. Leaving these problems untreated can have severe public health consequences, including continuing HIV transmission and worse HIV treatment outcomes. This successful MQ-funded project has facilitated further funding from the US National Institute for Health (NIH) and Child Relief International Foundation, as well as an application to the Gates Foundation, to test the intervention across more countries and age groups, generating genuine excitement that this intervention could be scaled up to reduce mental health problems across the African continent, and also to reduce rates of HIV transmission.

2019 was a midpoint in our Brighter Futures programme - 3 large scale projects focused on mental health in young people:

- **Adolescent Data Platform (ADP)** – In 2018 MQ made an important and catalytic investment in UK data infrastructure for young people's mental health research. In 2019 the platform became capable of storing very large datasets that can be linked and anonymised. The team, based at Swansea University, developed robust governance processes to allow approved access by researchers and began to promote utilisation by researchers addressing priority questions across mental health conditions in young people. Three studies were published by the ADP team on eating-disorders, self-harm and improved data methodology.
- **Identifying Depression in Early Adolescence (IDEA)** – This is a multidisciplinary consortium across UK, Brazil, Nigeria, Nepal and USA established to find means of identifying young people at risk of depression by integrating measures of social and family environment, biomarkers and brain processing of experience. In 2019 the group continued to develop a risk calculator for adolescent depression to use in low- and middle-income countries, to be published in early 2020. This will be an important step forward in achieving their overall aim of producing a global tool to screen young people for depression

- **Help Overcome and Prevent the Emergency of Suicide (HOPES)** – This is a multidisciplinary consortium across UK, USA and Australia investigating neurobiological, behavioural and psycho-social factors that increase suicidal thoughts and behaviours in adolescents, with the aim of identifying new ways to detect who is at risk and inform more targeted interventions. In 2019 the team analysed results from brain imaging studies involving over 12,000 individuals and identified two brain networks, and the connections between them, that appear to play an important role, generating targets for more effective suicide prevention strategies.

Amongst the 35 ongoing MQ awards in 2019 were research projects that are:

- Looking at the role of inflammation in comorbidity between depression and heart disease
- Understanding the role of appetite in the development of eating disorders
- Predicting treatment outcome and resource use in adolescents who access mental health services
- Linking social services and health data to investigate bottlenecks in mental health service use in young people in out-of-home care.
- Preventing PTSD, depression and associated physical health problems in emergency workers
- Developing attention control training for infants at risk of ADHD.

Building the mental health community worldwide

MQ has played a unique role in nurturing the nascent global mental health science community, providing opportunities for researchers to exchange ideas and collaborate across neuroscience, psychiatry, psychology, data science, the social sciences and beyond.

Our fifth **Mental Health Science Meeting**, held in February 2019, was themed '*Transforming mental health throughout the life course*', and covered topics from loneliness, bridging the gap between research discoveries and implementation, how to best include those with lived experience in mental health research, and developing more personalised treatments. The meeting involved over 300 international researchers, clinicians, people with lived experience, funders and charity representatives, and 2000 people viewed the livestreamed panel discussion. Feedback indicated that 70% of attendees said that it is likely or very likely that they will form a new collaboration as a result of the meeting and 89% said it provided good to excellent opportunities for learning.

We launched the second of our **UK Mental Health Research Funding Reports** in 2019, setting out the most comprehensive analysis ever undertaken of investments in mental health research. The report showed that mental health research receives 25 times less funding, per person affected, than physical conditions such as cancer. The report also showed that donations from the public account for just 2.7% of mental health research funding (in cancer research, spending by fundraising charities makes up 68% of funding; in cardiovascular disease it is 41%; and in dementia it is 28%). The results showed funding gaps and opportunities and is already influencing UK investment. The methodology developed by MQ is now being used to conduct the first global analysis of mental health research funding.

MQ continued work to drive the agenda around data science and mental health in 2019, including the third annual Mental Health Data Science meeting in partnership with the University of Edinburgh in September, which brought together researchers, funders and stakeholders to explore current developments, methodologies, resources, opportunities and challenges in the field. We also held a Data Access Workshop in July, convening researchers, funders and the NHS to examine challenges around access to data for mental health research.

MQ continued to lead the UK Mental Health Funders Group to coordinate research activity, share knowledge and promote public and patient engagement, helping to take forward the work of the UK Government's 10 Year Framework for Mental Health Research.

Engaging the public

We continued to engage more people to support mental health research in 2019, raising awareness of the need for research and engaging the public to take part in studies. Over 300,000 people found out about mental health research through our website and we engaged over 150,000 supporters and contacts across social media and digital communications.

One of our proudest achievements was the launch of **Participate** at the end of November 2019 – our ground-breaking new tool to support recruitment into mental health studies. Participate is the first accessible mental health-focused online tool to showcase opportunities to take part in mental health research and to connect researchers with participants. It was developed with funding from Wolfson Foundation, Mishcon de Reya and Wellcome. The platform has had an immediate impact, receiving over 50,000 visits since launch and generating over 5000 requests to take part in studies. Our goal is to increase the number of studies and participants much further, and to utilise Participate to increase user involvement in all aspects of the research journey, from shaping priorities to disseminating results.

MQ's **Open Mind podcast** brings together scientists and people with experience of mental health problems to explore current mental health research and its potential to transform lives. Our podcast was downloaded over 10,000 times in 2019, with 3 new episodes released during the year. In November our episode '*How can we work together to prevent suicide?*' with MQ researcher Rory O'Connor and mental health campaigner Paul McGregor won Best Podcast at the Bupa Mind Media Awards, which praised it as 'truly educational' and taking the listener 'a step beyond storytelling'. The episode has now been listened to over 2500 times.

Financial review

Results for the year

Total income for the year ending 31 December 2019 was £1.32 million, of which £1.28 million was received from donations and fundraising activities. This compares to an income of £5.73 million in 2018. The difference in income between 2018 and 2019 was primarily due to the fact that MQ did not draw down any Wellcome Trust funding in 2019 (see 'Looking ahead' section).

Total expenditure in 2019 was £3.81 million (£4.58 million in 2018), including £1.92 million invested through ongoing grant awards to researchers. The difference in expenditure between 2018 and 2019 was primarily due to the level of ongoing grant award payments scheduled for 2019.

Reserves policy

Total Reserves held by MQ at 31 December 2019 were £4.14 million, made up as follows:

Restricted Funds:	£0.18 million
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Unrestricted Funds:

Designated Funds (future grant commitments):	£2.22 million
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General Funds:	£1.74 million
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Restricted funds are fully committed to spending across research and other charitable activities as explained in note 16 to the accounts.

Designated funds consist of committed grant funding for future years, and the balance is split as shown in Note 20. In the event of a grant being cancelled, Trustees will transfer the funds back into the General Fund.

The Board has outlined a policy to hold free reserves, i.e. those general funds not designated and not tied into fixed assets, sufficient to cover 6 months of the charity's running costs, including, amongst other things, employment costs, rent and lease commitments. This was set at £0.9 million based on the 2020 budget. At 31 December 2019, the free reserves of the charity amounted to £1.74 million. This surplus, together with the remainder of funding available from Wellcome, will be put towards the charity's 3 year growth strategy as set out in the 'Looking ahead' section.

The Trustees regularly review the level of reserves to ensure they are appropriate for the purposes for which they are retained.

Looking ahead

In autumn 2019 MQ worked with strategic and creative response agency Open to develop an organisation-wide vision for income generation and five clear strategic priorities. A budget was also developed showing the growth MQ aims to achieve over the next 5 years. MQ exists to *'create a future where mental illnesses are understood, effectively treated and one day prevented'*. To generate the funds to deliver this ambition a supporting and complementary income vision has been defined: *'MQ brings the public and scientists together to fund ground-breaking mental health research more quickly'*.

To achieve our income vision, the following five strategic priorities have been identified:

1. Aligning research and supporter engagement strategies
2. Using our science pedigree to drive the public agenda on mental health
3. Raising awareness for research needs and in doing so create a giving market
4. Investing to realise the income potential from major donors, corporates & Trusts
5. Developing innovative and sustainable new income sources.

These priorities have been translated into a clear 2020 operational plan with Key Performance Indicators, which organise actions across our finances, our processes, our people and our supporters.

The strategy requires investment from the remainder of Wellcome's founding grant to MQ to grow income over the next 3 years and beyond, increasing staff numbers across fundraising, communications and engagement. No drawdown against this Wellcome grant was made by MQ in 2019. At 31 December 2019 the remaining grant balance available to MQ was £3.14 million.

It is clear that the plans for 2020 and beyond will need to adapt to the Covid-19 pandemic, which creates a vastly increased need for mental health research in a severely constrained environment for fundraising. Reflecting the strategic priorities set out above, Covid-19 represents an urgent alignment of mental health research and supporter priorities and a pressing need for MQ's science pedigree to drive the public agenda on mental health. Raising awareness of the significant mental health research needs will help us to build a compelling case for support around our work, potentially mitigating some of the negative impacts on income. Trustees will need to closely monitor and review activity plans and budgets as we progress through 2020 and beyond (see section on risk management).

We set out below key activities to be delivered 2020 in the context of Covid-19:

- i. Launching and making a new round of Fellows Awards focused on mental health in children and young people.
- ii. Planning a Mental Health Science Meeting to be delivered in early 2021, incorporating a prestigious lecture delivered by an internationally renowned speaker.
- iii. Delivering the MQ Data Science meeting in partnership with a UK university, potentially as a virtual meeting.
- iv. Supporting an analysis of the global mental health research funding landscape.
- v. Stewarding our existing research projects to provide optimum support in the context of covid-19
- vi. Building advocacy capacity to set the agenda around key mental health issues that align with supporter and research priorities – including on Covid-19.
- vii. Delivering inspiring and accessible public-facing content, including via social media, podcasts, web, videos and corporate material.
- viii. Expanding on Participate to significantly grow the number of studies and participants, including into Covid-19 studies.
- ix. Achieving realistic philanthropic income targets across major donor, trust and foundation and corporate fundraising, including through building a compelling case for support around the urgent need for mental health research in the current pandemic context.
- x. Onboarding new staff successfully, and continuing to support performance and well being of all staff.
- xi. Ensuring a smooth transition to a new Chief Executive.

Governance

Structure, governance and management

MQ is a charitable company limited by guarantee, incorporated on 13 October 2010 and registered as a charity in England and Wales on 19 January 2011 and Scotland on 23 October 2015. The company was established under a Memorandum of association which established the objects and powers of the charitable company and is governed under its Articles of Association. Trustees are Directors under Company Law.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

The Trustee Board meets five times a year and is responsible for governance, establishing the organisation's strategic framework, setting annual objectives and agreeing the annual budget. Trustees are advised by the Research Committee, which meets 3-4 times per year, and the Audit Committee, which meets 3 times per year.

Day to day management of MQ is delegated to the Chief Executive who is supported by staff including the Strategy and Engagement Lead, Head of Finance & Operations and Head of HR.

Trustee appointment, induction and training

MQ's constitution states that trustees can serve a maximum of 2 consecutive 3 year terms.

The search for new trustees is led by the Chair in close consultation with Trustees, and focuses on the range of skills and experience required to provide strategic oversight of MQ's mission and activities. Prospective trustees meet the Chair and Chief Executive before being invited to attend a board meeting where they are formally appointed by existing trustees.

New Trustees are inducted at a dedicated session and are provided with information relating to their responsibilities as Trustees of the charity. This includes legal and financial information, along with strategic and annual objectives and an overview of current activities. Trustees hold an annual strategy day, which includes a review of their responsibilities as Trustee and any developments in sector best practice.

Remuneration policy

MQ's salaries are set within broad pay band structures at each grade, informed by external benchmarking as necessary. The performance of key management personnel is monitored via regular one to one meetings with the Chief Executive (and the Chief Executive with the Chair), assessment against objectives and an annual appraisal process. Any salary awards for key management personnel must be approved by the Chair.

Volunteers

MQ is grateful for the valuable contribution to its work that is made voluntarily by researchers and supporters. Researchers serve MQ without compensation in a range of activities: as Committee and Panel members, as members of working groups, as speakers and participants in symposia, as providers of evidence and expert commentary, as peer reviewers for grant applications and in many more ways. We are most grateful to the members of our Corporate Development Network and our Development Partners for their time, advice, introductions, and fundraising efforts, and to our MQ Ambassadors who speak, campaign and fundraise for the charity.

Public benefit

Trustees have discussed the implications of the provisions of the Charities Act 2011, which states that all charities must demonstrate that they are established for public benefit and have due regard to the public benefit guidance issued by the Charity Commission. Trustees are confident that the activities delivered under MQ's 3 key objectives of 'fund', 'build' and 'engage' fulfil our mission to champion and fund world-class research to transform the lives of everyone affected by a mental health condition.

Fundraising

The majority of MQ's fundraised income in 2019 came from philanthropic partnerships with individual major donors, corporates, and charitable trusts and foundations, with a smaller amount from individual giving, community and challenge fundraising. MQ's fundraising team aspires to adhere to all relevant fundraising regulation and with the Fundraising Regulator Codes of Practice, and there a strong culture of ongoing professional development and engagement with a range of fundraising bodies and professional societies. There has been, to date, regulatory compliance with no significant exceptions. We received no fundraising complaints in 2019. We have a dedicated policy in place to protect vulnerable MQ supporters, particularly those affected by mental health issues.

Grants

MQ's targeted research funding schemes are offered to a range of researchers, both within and outside the UK. Each scheme operates specific funding and eligibility criteria. The schemes are widely publicised and a robust selection process is operated; final selections are made by an expert panel, which draws on external peer reviews. Grant holders are required to submit progress reports, which are reviewed by MQ staff, external experts and/or the Research Committee as appropriate.

Risk management

The Trustees regularly review the risks faced by the charity, including via a comprehensive risk register. The key strategic risk to MQ continues to be the ability to raise funds to support our mission, which in 2020 will be particularly affected by the impact of the Covid-19 pandemic. Covid-19 creates an urgent demand for more mental health research, but in a significantly resource-constrained environment. In 2019 MQ developed an organisation-wide income generation strategy (see earlier section 'Looking ahead'), which provides a framework for how the charity can adapt to the unique context of Covid-19. Going forward, the Trustees will be closely monitoring and revising the charity's future plans and budgets as we gather data

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on: impacts on income across different channels, effects on grant expenditure (see below); and opportunities for government support.

MQ has rapidly and seamlessly adapted to working as a virtual organisation, with very little impact on operations or administrative productivity. Like all organisations, MQ will need to continue to monitor affects on staff welfare and performance during extended periods of isolation or lockdown.

A key risk going forward will be to monitor and adjust for effects on MQ's active grants and future awards. The closure of research institutions, restrictions on research participation and the need for clinical staff to prioritise frontline services duties will have significant impact on MQ-funded research. It is likely that a number of active awards will require no-cost extensions, pushing grant expenditure from 2020 into future years. However, some projects may require a re-orientation of budgets or supplementary funding to achieve their objectives. The Research Committee and Trustees will need to closely monitor and consider our grants on a case-by-case basis. A further context will be the universities in which our grant-holders operate, which are likely to bring in recruitment freezes or requirements around ongoing grant funding.

MQ does not hold any investments itself and was advised by Wellcome on 30 March 2020 that the balance on the remainder of the grant remained at £3.14 million. The effect on this year's financial statements has been considered in Note 22 – post balance sheet events of the financial statements

An additional ongoing strategic risk, as faced by all charities, is risk to reputation. This is managed in a number of ways across fundraising, research, communication, engagement, and operational activities, including by ensuring MQ has appropriate policies and processes in place to adhere to best practice around fundraising, grants management, and communication around mental health, and is guided by external legal advice where necessary. MQ updated its Donation Policy and Due Diligence Process in 2019, ensuring gifts have appropriate scrutiny at both staff and Trustee level. Policies around all aspects of Grants Management were also updated in 2019 (see section on 'Funding innovative research'). A further operational risk identified and managed in 2019 relates to ensuring that MQ has the digital infrastructure to support a growing organisation, leading to a plan for investment in our database and IT systems.

Statement of responsibilities of the Board of Trustees

The Trustees (who are also directors of MQ: Transforming Mental Health for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

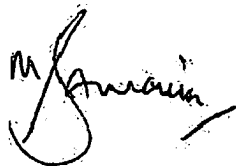
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2019 was 7 (2018:11). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

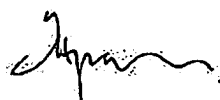
Auditor

Moore Kingston Smith LLP were appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 23 April 2020 and signed on their behalf by



Shahzad Malik
Chairman



Chris Parsons
Trustee

Independent auditor's report

To the members of

MQ: Transforming Mental Health

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF MQ: TRANSFORMING MENTAL HEALTH

Opinion

We have audited the financial statements of MQ: Transforming Mental Health for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 (as amended), regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to

Independent auditor's report

To the members of

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adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report

To the members of

MQ: Transforming Mental Health

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, the Companies Act 2006 and Section 151 of the Charities Act 2011 and report to you in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

Independent auditor's report

To the members of

MQ: Transforming Mental Health

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006; and to the charity's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and in respect of the consolidated financial statements, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

.....
Neil Finlayson (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Date: 24 April 2020

Devonshire House
60 Goswell Road
London
EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

MQ: Transforming Mental Health

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2019

	Note	Unrestricted £	Restricted £	2019 Total £	2018 Total £
Income from:					
Donations and legacies	2	591,887	684,898	1,276,785	5,692,400
Charitable activities	3	18,652	–	18,652	18,288
Investments	4	27,557	–	27,557	20,223
Total income		638,096	684,898	1,322,994	5,730,911
Expenditure on:					
Raising funds	5	486,966	–	486,966	679,679
Charitable activities					
Scientific research	5	1,850,750	739,601	2,590,351	3,257,445
Awareness raising and Advocacy	5	728,781	–	728,781	645,478
Total expenditure		3,066,497	739,601	3,806,098	4,582,602
Net income for the year and net movement in funds	7	(2,428,401)	(54,703)	(2,483,104)	1,148,309
Reconciliation of funds:					
Total funds brought forward		6,383,902	236,613	6,620,515	5,472,206
Total funds carried forward		3,955,501	181,910	4,137,411	6,620,515

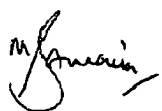
All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements. Full comparatives of the statement of financial activities are in Note 23.

MQ: Transforming Mental Health
Balance sheet
As at 31 December 2019

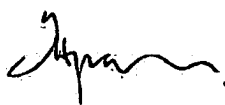
Company no. 07406055

	Note	£	2019 £	2018 £
Fixed assets:				
Tangible assets	12		7,207	17,900
			<hr/>	<hr/>
			7,207	17,900
Current assets:				
Debtors	13	231,770	292,992	
Short term deposits		-	1,457	
Cash at bank and in hand	18	4,113,801	6,659,945	
			<hr/>	<hr/>
		4,345,571	6,954,394	
Liabilities:				
Creditors: amounts falling due within one year	14	(215,367)	(351,779)	
			<hr/>	<hr/>
Net current assets			4,130,204	6,602,615
Total net assets	15		4,137,411	6,620,515
			<hr/>	<hr/>
The funds of the charity:				
Restricted funds	16	181,910	236,613	
Unrestricted funds (including designated funds)				
Designated funds	16	2,218,657	4,169,532	
General funds	16	1,736,844	2,214,370	
			<hr/>	<hr/>
Total funds			4,137,411	6,620,515
			<hr/>	<hr/>
Total charity funds			4,137,411	6,620,515
			<hr/>	<hr/>

Approved by the trustees on 23 April 2020 and signed on their behalf by



Shahzad Malik
Chairman



Chris Parsons
Trustee

MQ: Transforming Mental Health
Statement of cash flows
For the year ended 31 December 2019

		2019	2018
	Note	£	£
Cash flows from operating activities	17		
Net cash provided by / (used in) operating activities		(2,547,601)	997,462
Cash flows from investing activities:			
Purchase of fixed assets		–	(9,839)
Transfer to short term deposits		–	–
Transfer from short term deposits		<u>1,457</u>	<u>2,004,330</u>
Net cash provided by / (used in) investing activities		<u>1,457</u>	<u>1,994,491</u>
Change in cash and cash equivalents in the year		(2,546,144)	2,991,953
Cash and cash equivalents at the beginning of the year		<u>6,659,945</u>	<u>3,667,992</u>
Cash and cash equivalents and net debt at the end of the year	18	<u><u>4,113,801</u></u>	<u><u>6,659,945</u></u>

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

b) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

c) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern for 12 months from the date of signing these financial statements. Due consideration for the effects of the Covid-19 outbreak, which occurred after these financial statements were prepared but before they were signed, have been taken and although it is anticipated that income streams will fall in 2020, Trustees have revised operational plans and expenditures and are confident of operating the charity well within the parameters of our reserves policy.

Key judgements that the charitable company has made which have a significant effect on the accounts include estimating the liability from multi-year grant commitments (see 1(i)).

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

d) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

e) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of grants to mental health research organisations, advocacy activities and other educational and awareness-raising activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when MQ upon annual review approve the milestones in the grant agreement are met. Contingent grant liabilities are disclosed when the charity has indicated a willingness to fund a project but the grant milestones have not yet been met (note 20).

When the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable, the total grant commitment is set aside in a designated fund (note 20).

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

- | | |
|----------------------------------|-----|
| ● Scientific research | 40% |
| ● Awareness raising and Advocacy | 25% |
| ● Cost of raising funds | 35% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1 Accounting policies (continued)

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|-------------------------|---------|
| ● Leasehold Property | 5 years |
| ● Office Equipment | 3 years |
| ● Fixtures and Fittings | 5 years |

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

q) Pensions

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

MQ: Transforming Mental Health
Notes to the financial statements
For the year ended 31 December 2019

2 Income from donations and legacies

	2019			2018		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Gifts						
Individual Giving	310,614	1,872	312,486	499,197	181,866	681,063
Wellcome Trust*	-	-	-	4,079,650	-	4,079,650
The Bedford Family	-	-	-	167,000	-	167,000
Other major donations	182,339	-	182,339	138,219	-	138,219
Other organisational giving	98,934	683,026	781,960	34,845	145,000	179,845
Legacies and in memoriam	-	-	-	-	446,623	446,623
	591,887	684,898	1,276,785	4,918,911	773,489	5,692,400

*Under the Wellcome Trust's Grant Letter of 16th January 2012, at the balance sheet date, the charity had drawn down £19.2m. The company can in due course (and subject to compliance with the requirements set out in the grant letter), drawdown, in aggregate, a further £3.14m (2018: £4.1m).

3 Income from charitable activities

	2019			2018		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Contributions towards scientific meetings	18,652	-	18,652	18,288	-	18,288

4 Income from investments

	2019			2018		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Bank interest received	27,557	-	27,557	20,223	-	20,223
	27,557	-	27,557	20,223	-	20,223

MQ: Transforming Mental Health
Notes to the financial statements
For the year ended 31 December 2019

5 Analysis of expenditure

	Charitable activities					2019 Total £
	Cost of raising funds £	Scientific research £	Awareness raising and Advocacy £	Governance costs £	Support costs £	
Staff costs (Note 8)	260,517	315,335	245,562	-	69,710	891,124
Grant-making (Note 6)	-	1,923,252	-	-	-	1,923,252
Other direct costs	66,381	120,603	382,833	17,015	37,557	624,389
Office costs	2,059	124	151	134	191,818	194,286
Audit	-	-	-	12,900	-	12,900
Bank charges	-	-	230	17	1,723	1,970
Foreign exchange (gains) and losses	83	335	23	-	30	471
Meetings	32,761	84,112	5,778	9,447	7,325	139,423
Legal fees	-	3,544	4,800	9,939	-	18,283
	361,801	2,447,305	639,377	49,452	308,163	3,806,098
Support costs	107,857	123,265	77,041	-	(308,163)	-
Governance costs	17,308	19,781	12,363	(49,452)	-	-
Total expenditure 2019	486,966	2,590,351	728,781	-	-	3,806,098

Of the total expenditure, £3,066,497 was unrestricted (2018: £3,393,181) and £739,601 was restricted (2018: £1,189,421).

	Charitable activities					2018 Total £
	Cost of raising funds £	Scientific research £	Awareness raising and Advocacy £	Governance costs £	Support costs £	
Staff costs (Note 8)	268,797	499,194	239,997	20,945	149,235	1,178,168
Grant-making (Note 6)	-	2,343,273	-	-	-	2,343,273
Other direct costs *	170,872	101,506	271,498	-	47,828	591,704
Office costs	44,250	1,240	1,604	-	214,756	261,850
Audit	-	-	-	16,170	-	16,170
Bank charges	-	-	-	-	1,331	1,331
Foreign exchange (gains) and losses	-	6,379	-	-	(436)	5,943
Meetings	26,079	110,491	11,178	3,612	7,953	159,313
Legal fees	-	1,440	-	15,816	7,594	24,850
	509,998	3,063,523	524,277	56,543	428,261	4,582,602
Support costs	149,891	171,304	107,065	-	(428,261)	-
Governance costs	19,790	22,617	14,136	(56,543)	-	-
Total expenditure 2018	679,679	3,257,445	645,478	-	-	4,582,602

MQ: Transforming Mental Health
Notes to the financial statements
For the year ended 31 December 2019

6 Grant making (Grants to institutions)

	2019 £	2018 £
Cost		
Fellows Programme	559,567	840,672
PsyIMPACT	463,024	361,500
Data Science	119,966	138,711
Bright Futures	780,695	1,002,390
At the end of the year	1,923,252	2,343,273

The Fellows programme supports the brightest and best early career scientists who are asking challenging questions that will contribute to transformative advances in mental health.

The PsyIMPACT programme supports innovative research to develop and test psychological treatments, getting people the right treatments faster.

The Data Science programme awards grants to help realise the huge potential in the near term to harness data science to drive forward research.

The aims of MQ's Brighter Futures programme stem from the fundamental belief that research can change the trajectory of mental illness in young people, tackling the life-long impacts of many conditions and working towards a world where mental illness may one day be made preventable.

7 Net income for the year

This is stated after charging / (crediting):

	2019 £	2018 £
Depreciation	10,693	14,520
Property lease rentals	134,140	136,800
Auditors' remuneration (excluding VAT)	10,750	12,700
Foreign exchange (gains)/ losses	471	5,943

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	783,161	1,025,298
Social security costs	76,043	114,940
Employer's contribution to defined contribution pension schemes	31,920	37,930
	891,124	1,178,168

Included in the Salaries and wages redundancy payments made during the year amounted to £67,916 (2018: 0) as a result of a restructuring of the Charity.

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2019 No.	2018 No.
£60,000 – £69,999	1	1
£70,000 – £79,999	1	1
£80,000 – £89,999	2	–
£90,000 – £99,999	–	2

The pension contributions paid to higher employees amounted to £12,363 (2018: £15,249).

MQ: Transforming Mental Health
Notes to the financial statements
For the year ended 31 December 2019

8 Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel (continued)

The total employee benefits (including employers' NI and pension contributions) of the key management personnel (CEO, Fundraising Director, Communications Director, Research Director and Head of Finance) were £476,594 (2018: £509,825).

The charity Trustees were not paid or received any other benefits from employment with the charity in the year (2018: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £9,536 (2018: £3,612) incurred by 7 (2018: 10) members relating to attendance at meetings of the Trustees.

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2019 No.	2018 No.
Raising funds	5	6
Scientific research (Including 2 Part time staff)	4	6
Awareness raising and advocacy	5	5
Support (Including 2 Part time staff)	3	5
Governance	–	1
	17	23

10 Related party transactions

Aggregate donations from Trustees were £115,000 (2018: £37,500).

During the course of the year one of our Trustees, Helen Munn, stepped in to act as interim CEO on a voluntary basis for the period June to October 2019. Helen subsequently resigned as Trustee after agreeing, with the Board, to take on the role of interim CEO on a contractor basis from 4 November 2019.

Professor Peter B Jones is a Trustee of the Charity. He was a co-applicant on a grant to the University of Cambridge, which was awarded £49,980 of grant funding during the year ended 31 December 2018. He was not involved in the grant funding decisions process and is a name only applicant on this grant. During 2019 £44,982 (2018: £nil) was paid to the university.

11 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

12 Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At the start of the year	9,033	62,916	71,949
Additions in year	–	–	–
Disposals in year	–	–	–
At the end of the year	9,033	62,916	71,949
Depreciation			
At the start of the year	7,601	46,448	54,049
Charge for the year	438	10,255	10,693
Eliminated on disposal	–	–	–
At the end of the year	8,039	56,703	64,742
Net book value			
At the end of the year	994	6,213	7,207
At the start of the year	1,432	16,468	17,900

MQ: Transforming Mental Health
Notes to the financial statements
For the year ended 31 December 2019

13 Debtors

	2019 £	2018 £
Trade debtors	114,275	77,248
Other debtors	57,000	65,422
Accrued Income	1,245	51,402
Prepayments	59,250	98,920
	231,770	292,992

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	40,641	131,842
Other creditors	2,803	4,441
Grant Accruals	158,896	204,456
Other Accruals	13,027	11,040
	215,367	351,779

15 Analysis of net assets between funds

a) At 31 December 2019

	Restricted £	Unrestricted £	Total funds £
Tangible fixed assets	-	7,207	7,207
Current assets	181,910	4,163,661	4,345,571
Current liabilities	-	(215,367)	(215,367)
Net assets at the end of the year	181,910	3,955,501	4,137,411

b) At 31 December 2018

	Restricted £	Unrestricted £	Total funds £
Tangible fixed assets	-	17,900	17,900
Current assets	236,613	6,717,781	6,954,394
Current liabilities	-	(351,779)	(351,779)
Net assets at the end of the year	236,613	6,383,902	6,620,515

MQ: Transforming Mental Health
Notes to the financial statements
For the year ended 31 December 2019

16 Movements in funds

a) Year ended 31 December 2019

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	Transfer £	At the end of the year £
Restricted Funds					
Brighter Futures ADP	79,996	35,240	(115,236)	-	-
Data Science	-	46,331	(46,331)	-	-
Fellows	10,000	230,136	(240,136)	-	-
Nick Wilkes Fund	-	100	-	-	100
PsyImpact	-	10,316	(10,316)	-	-
Mental Health Science Meeting	-	10,031	(10,031)	-	-
Howell Jadwiga Fund	146,617	-	-	-	146,617
Participate	-	352,744	(317,551)	-	35,193
Total restricted funds	236,613	684,898	(739,601)	-	181,910
Unrestricted funds:					
Designated funds:					
Grant commitments	4,169,532	-	(1,950,875)	-	2,218,657
Total designated funds	4,169,532	-	(1,950,875)	-	2,218,657
General funds	2,214,370	638,096	(1,115,622)	-	1,736,844
Total unrestricted funds	6,383,902	638,096	(3,066,497)	-	3,955,501
Total funds	6,620,515	1,322,994	(3,806,098)	-	4,137,411

b) Year ended 31 December 2018

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	Transfer £	At the end of the year £
Restricted Funds					
Brighter Futures Foundation	233,619	-	-	(233,619)	-
Brighter Futures IDEA	-	372,091	(390,286)	18,195	-
Brighter Futures ADP	359,982	-	(279,986)	-	79,996
Brighter Futures HOPES	3,944	-	(219,368)	215,424	-
Fellows	55,000	229,781	(274,781)	-	10,000
Howell Jadwiga Fund	-	146,617	-	-	146,617
Staff Sponsorship	-	25,000	(25,000)	-	-
	652,545	773,489	(1,189,421)	-	236,613
Unrestricted funds:					
Designated funds:					
Grant commitments	6,195,785	-	(2,343,273)	317,020	4,169,532
Total designated funds	6,195,785	-	(2,343,273)	317,020	4,169,532
General funds	(1,376,124)	4,957,422	(1,049,908)	(317,020)	2,214,370
Total unrestricted funds	4,819,661	4,957,422	(3,393,181)	-	6,383,902
Total funds	5,472,206	5,730,911	(4,582,602)	-	6,620,515

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16 Movements in funds (continued)

Purposes of restricted funds

Brighter Futures Foundation	This fund supports the start up of our Brighter Futures programme
Brighter Futures IDEA	This fund contributes money toward the IDEA of the Brighter Futures project
Brighter Futures ADP	This fund contributes money toward the Adolescent Data Platform workstream of the Brighter Futures project
Brighter Futures HOPES	This fund contributes money toward the HOPES workstream of the Brighter Futures project
Data Science	This fund is used to help fund our data science programme
Fellows	This fund helps to pay for new and existing MQ Fellows
PsyImpact	This fund helps to pay for our PsyImpact programme
Mental Health Science Meeting	It is an annual event which bring together scientists, mental health stakeholders and policy-makers from across the UK and beyond.
Participate	A digital hub for mental health research, providing an accessible online portal to connect the research world to those with lived experience.
Nick Wilkes Fund	The Nick Wilkes Fund represents money received in 2014/2015 in honour of Nick Wilkes, a young man who lost his life to bi-polar disorder. This fund is being spent on research.
Howell Jadwiga Fund	This fund helps to pay for our Borderline Personality Disorder project

Purposes of designated funds

Grant commitments represent amounts awarded in relation to our Fellows, Data Science, Bright Futures and PsyIMPACT programmes payable in future years but where there is uncertainty of the timing of the grant payment as it is dependent on milestones being achieved.

17 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income for the reporting period (as per the statement of financial activities)	(2,483,104)	1,148,309
Depreciation charges	10,693	14,520
Decrease/(increase) in debtors	61,222	(152,485)
(Decrease) / Increase in creditors	(136,412)	(12,882)
Net cash provided by / (used in) operating activities	(2,547,601)	997,462

18 Analysis of cash and cash equivalents and changes in net debt

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	6,659,945	(2,546,144)	4,113,801
Overdraft, Laon and Finance Lease	-	-	-
Total cash and cash equivalents	6,659,945	(2,546,144)	4,113,801

19 Commitments

The charity's total future minimum lease payments under non-cancellable leases is as follows for each of the following

	2019		2018 (As restated)
	Land & Buildings £	Other £	Land & Buildings £
Within one year	91,935	8,129	137,000
Two to five years	404,516	6,261	547,200
Over five years	18,387	-	159,400
	514,838	14,390	843,600
			18,082

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20 Grant commitments

At 31 December 2019, the charity has committed to future expenditure amounting to £2,218,656 (2018 – £4,169,532) in relation to its Fellows, Data Science, Brighter Futures and PsylMPACT programmes. The movements on these commitments are as below.

	2019 £	2018 £
Balance at the start of the year	4,169,532	6,195,785
New grants committed to	–	183,235
Exchange Rate differences/(write back)	(27,623)	133,785
Expended in the year	(1,923,252)	(2,343,273)
	<hr/> 2,218,657	<hr/> 4,169,532
These commitments are expected to be payable as follows		
In one year	1,194,219	2,354,640
In two to five years	1,024,438	1,814,892
	<hr/> 2,218,657	<hr/> 4,169,532
Total	<hr/> 2,218,657	<hr/> 4,169,532

The grant commitments are not fully recognised in the year they are committed, as they are subject to annual progress review before further instalments are released. The amounts accounted for in the year are those MQ deem the milestones in the grant agreement have been met.

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

22 Post Balance Sheet Events

The Trustees have given due consideration for the effects of the Covid-19 outbreak, which occurred after these financial statements were prepared but before they were signed. It is anticipated that income streams will fall in 2020, and Trustees have revised operational plans and expenditure in light of this. Despite the likely fall in income the Trustees are confident of operating the charity well within the parameters of our reserves policy.

As at the date of signing, the value of the remaining funds available to the charity from the Wellcome Trust amounted to £3.14 million. Cash and short term deposits held by the charity amount to £4.1 million and there have been no significant movements in these accounts since the year end date. If all the grant commitments, as shown in Note 20, materialised the charity would still retain £1.74 million in unrestricted reserves, which is £0.84 million more than required by our reserves policy. This also exceeds the currently projected 2020 decrease in income.

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23 Statement of financial activities (incorporating an income and expenditure account)

	Note	Unrestricted £	Restricted £	2018 Total £
Income from:				
Donations and legacies	2	4,918,911	773,489	5,692,400
Charitable activities	3	18,288	–	18,288
Investments	4	20,223	–	20,223
Total income		4,957,422	773,489	5,730,911
Expenditure on:				
Raising funds *	5	679,679	–	679,679
Charitable activities				
Scientific research	5	2,068,024	1,189,421	3,257,445
Awareness raising and Advocacy *	5	645,478	–	645,478
Total expenditure		3,393,181	1,189,421	4,582,602
Net income for the year and net movement in funds	7	1,564,241	(415,932)	1,148,309
Reconciliation of funds:				
Total funds brought forward		4,819,661	652,545	5,472,206
Total funds carried forward		6,383,902	236,613	6,620,515

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.